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Global Agricultural Information Network

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Report Highlights:

Zimbabwe planted 692,000 hectares of oilseeds in the 2011/12 MY, seven percent more than the 644,000 hectares planted in the previous marketing season. Estimates are that production of oilseeds will increase by almost 10 percent from 242,000MT in the 2010/11 MY to 265,000MT in the 2011/12 MY. However, Zimbabwe will remain a net importer of soybeans, soybean meals and vegetable oil as domestic demand is growing faster than local production. Post forecasts that this positive trend in oilseed production will continue to reach 325,000MT on 735,000 hectares in the 2012/13 MY.

Executive Summary:

Area planted under cotton in the 2011/12 MY is estimated at 395,000 hectares, an increase of almost 13 percent from 350,000 hectares planted in the 2010/11 MY. However, due to a prolonged drought, cottonseed production only increased by about four percent to 160,000 tons in the 2011/12 MY. Soybean production increased by 35 percent to 50,000MT in the 2011/12 MY. As a result Zimbabwe will crush 206,000 tons of oilseeds in the 2011/12 MY, almost nine percent more than the previous year. However, only 40 percent of the Zimbabwe's oilseed crushing capacity, estimated at 500,000MT, will be utilized.

Despite the increase in soybean production, it will still be inadequate to meet the rising local demand for soybean meal, mainly from the expansion in the poultry and pig industries. In addition, soybean meal imports will be limited by government policy that prohibits importation of Genetically Modified (GM) grain or meal. However, domestic cottonseed meal production will exceed local demand due to the decline in the dairy and beef sectors. The surplus cottonseed meal will be exported mainly to South Africa.

As of August 1, 2011, a 15 percent duty on cooking oil was reintroduced in an effort to stimulate domestic oilseed production and oil processing. Locally manufactured oilseed cooking oil has not been price competitive and vegetable cooking oil from South Africa is dominating the market.

OILSEEDS

Production

Soybean, cottonseed and peanuts are the main oilseeds produced in Zimbabwe. Soybean and cottonseed are grown for processing into edible oil and the residue from oil extraction is high protein meal, a critical ingredient for stock feed. Peanuts are not crushed into cooking oil but are grown for direct consumption and for processing into peanut butter.

Approximately 692,000 hectares of oilseeds were planted in the 2011/12 MY (April 2011 to March 2012 and split year 2010/11 in the PS&D table), seven percent more than the 644,000 hectares planted in the previous marketing season. Estimates are that production of oilseeds will increase by almost 10 percent from 242,000MT in the 2010/11 MY to 265,000MT in the 2011/12 MY. Post forecast that this positive trend in oilseed production will continue to reach 325,000MT on 735,000 hectares in the 2012/13 MY. This increase in production is due to higher domestic demand and better producer prices.

Table 1 below shows the area planted and production of the oilseeds in Zimbabwe for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 MY (forecast).

Table 1: The area planted and production of oilseeds in Zimbabwe

Oilseeds	2010/11 MY		2011/12 MY		2012/13 MY	
	Area (ha)	Production (MT)	Area (ha)	Production (MT)	Area (ha)	Production (MT)
Cottonseed*	350,000	154,000	395,000	160,000	420,000	195,000
Soybeans	43,000	37,000	45,000	50,000	55,000	65,000
Peanuts **	251,000	51,000	252,000	55,000	260,000	65,000
Total	644,000	242,000	692,000	265,000	735,000	325,000

*cottonseed is 58 percent of seed cotton production figure i.e. after removal of 41 percent lint and allowing for a 1 percent loss factor

**unshelled peanuts

Cotton is predominantly grown by small holder farmers through contract arrangements with seed cotton contractors who provide the necessary production inputs on credit as well as extension services to the growers. Area planted under cotton in the 2011/12 MY is estimated at 395,000 hectares, an increase of almost 13 percent from 350,000 hectares planted in the 2010/11 MY. The increase in area planted is largely attributed to improved investor confidence following the introduction of Statutory Instrument 142 of 2009 (SI 142/2009) that regulates cotton production and marketing and prohibits 'side marketing' where, previously, contracted farmers would sell their cotton at higher prices to non-contracted buyers at the time of delivery. The national average cotton yield in 2011/12 MY at 0.68 tons/hectares decreased from the 2010/11 MY yield of 0.77 tons/hectares, due to a prolonged drought (of up to six weeks) that affected most cotton producing areas. As a result, and despite an 13 percent increase in area planted, cottonseed production only increased by about four percent to 160,000 tons in the 2011/12 MY.

Firm international lint prices will encourage producers to plant more cotton next season. The seasonal average price for the 2010/11 MY was US\$0.77 per pound and it doubled in the 2011/12 MY. As a result, post forecast that cotton planting will increase by six percent to 420,000 hectares in the 2012/13

MY.

Due to a growing demand for soybean in Zimbabwe, production increased by 35 percent to 50,000MT in the 2011/12 MY. Historically, soybean production was highly mechanized and was primarily carried out by large scale commercial farmers in the high rainfall areas of the country. Commercial farmers produced about 90 percent of the crop, while small scale farmers produce the remainder. Production fell drastically with implementation of the land reform program that resulted in many commercial farms being subdivided into smaller farms given to inexperienced and under-capitalized farmers. Despite the availability of adequate seed of locally bred and high yielding soybean varieties that are disease resistant, the majority of the resettled farmers have tended to avoid growing the crop in recent years due to inexperience. However, increased demand has increased the area under soybeans in 2011/12 MY from 43,000 hectares in the 2010/11 MY to 45,000 hectares, while soybean production increased from 37,000 MT in the 2010/11 MY to 50,000MT in 2011/12 MY. Soybean production is projected to increase even further in the 2012/13 MY as local buyers are willing to pay above import parity prices for non-GM soybeans i.e. between US\$500 and US\$535 per ton compared to import parity price of US\$495 per ton.

Peanuts are predominantly grown by small scale farmers mostly for household consumption and processing. Production increased by almost eight percent from 51,000MT in the 2010/11MY season to 55,000MT in 2011/12 MY. Despite the improvement in production, peanut yields are generally poor. Low plant populations due to unavailability of certified seed as well as inadequate levels of fertilizer applied to the crop are major reasons for low peanut yields.

Consumption

Cottonseed and soybean are grown primarily for oil extraction to process cooking oil. Apart from about 10,000MT reserved for planting seed for 2012/13 MY, all the cottonseed is destined for processing into oil. Cottonseed meal, a by-product of the oil extraction process is a high value stock feed that is mostly exported.

Similarly, the bulk of soybean production goes for oil extraction. Soybean meal, a by-product of oil extraction, is a sought after high protein source for poultry and pork feeds. The quantity reserved for seed for the 2011/12 MY is estimated at about 6,000MT. A small quantity (approximately 3,000MT) is processed locally into different high protein food products for human consumption.

Table 2: The domestic utilization of cottonseed and soybean in Zimbabwe

Oilseeds 000 MT	2010/11 MY			2011/12 MY			2012/13 MY		
	Soybean	Cotton seed	Total	Soybean	Cotton seed	Total	Soybean	Cotton seed	Total
Crush*	45	144	189	56	150	206	65	185	250
Food	3	0	3	3	0	3	4	0	4
Seed	4	10	14	6	10	16	6	10	16
Total	52	154	206	65	160	225	75	195	270

*Includes imports

Trade

Trade in oilseeds is dominated by soybean imports to augment local production. Oil expressing firms are the primary buyers of soybean and Zimbabwe's annual oilseed crushing capacity is estimated at about 500,000MT. Despite the high local demand, soybean production has remained low over the past few years. At peak production in 2001 the country produced 170,000MT of soybeans. The decline in soybean production can be attributed to the decline in commercial farming and the general lack of financing and agronomic training of the small scale famers. With the exception of soybean seed, commercial exports of soybeans is prohibited by government due to the current low level of production and the large processing capacity available in Zimbabwe.

Zimbabwe is importing soybeans mainly from Zambia and Malawi. ZIMSTATS data shows that between May 2010 and April 2011 14,991MT commercial grade soybeans were imported from Zambia and Malawi. Liquidity constraints in the country curtailed soybean imports by oil pressing companies. Although soybeans were available for import from South Africa, the Zimbabwe government prohibits oil processing companies from importing GM soybeans. More than 85 percent of South Africa's soybean crop is GM. Soybean meal from local production is inadequate to meet the demand in the poultry and pig sectors.

Table 3: Soybean imports (MT) by Zimbabwe between May 2010 and April 2011

Month and year	Country of import and soybean imports (MT)		Total imports (MT)
	Malawi	Zambia	
2010			
May	150	1691	1841
June	1642	763	2405
July	1526	1225	2751
August	Nil	1516	1516
September	Nil	650	650
October	120	112	232
November	1260	Nil	1260
December	2304	150	2454
2011			
February	1133	89	1222
March	266	119	385
April	275	Nil	275
Total	8676	6315	14991

Source: Zimstats - Ministry of Finance

Oilseed, Cottonseed Zimbabwe	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	380	350	425	395	400	420
Area Harvested (Cotton)	380	350	400	395	425	420
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	190	154	190	160	218	195
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	190	154	190	160	218	195
MY Exports	16	0	14	0	10	0
MY Exp. to EU	0	0	0	0	0	0
Crush	165	144	166	150	193	185
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	9	10	10	10	15	10
Total Dom. Cons.	174	154	176	160	208	195
Ending Stocks	0	0	0	0	0	0
Total Distribution	190	154	190	160	218	195

1000 HA, RATIO, 1000 MT

Oilseed, Soybean Zimbabwe	2009/2010	2010/2011	2011/2012
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	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	50	43	45	45	45	55
Area Harvested	50	43	45	45	45	55
Beginning Stocks	0	0	0	0	0	0
Production	43	37	37	50	37	65
MY Imports	0	15	0	15	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	43	52	37	65	37	75
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	40	45	34	56	34	65
Food Use Dom. Cons.	2	3	2	3	2	4
Feed Waste Dom. Cons.	1	4	1	6	1	6
Total Dom. Cons.	43	52	37	65	37	75
Ending Stocks	0	0	0	0	0	0
Total Distribution	43	52	37	65	37	75
1000 HA, 1000 MT						

MEALS

Production

Zimbabwe's annual oilseed crushing capacity is estimated at 500,000MT and is currently underutilized. Oilseed meal, a by-product of the oil crushing process, is a key ingredient of stock feeds. Cottonseed meal and soybean meal are the main meals produced in Zimbabwe. They are key protein sources for animal feed stock. Soybean crushing yields 80 percent meal, while cottonseed crushing yields 44 percent meal. Total production of oilseed meal in the 2011/12 MY is estimated at 111,000MT and is almost 12 percent more than the 99,000MT produced in the 2010/11 MY, mainly due to increased cottonseed output.

Consumption

The main users of soybean meal in Zimbabwe are the poultry, pig and dairy industries. Soybean meal is high in protein (about 45 percent) and is the main protein source in the pig and poultry feeds produced in Zimbabwe. Currently, national demand for protein exceeds supply and is driving growth of the poultry and pig sectors. The shortage, however, of stock feeds, due to the low production of soybean, is negatively impacting on the growth of the industry. Out of an estimated demand of 42,000MT chicken meat per annum, the local industry is supplying only about 23,000MT.

However, stiff competition from lower priced chicken meat imports mainly from South Africa, Brazil and Argentina is a major threat to the poultry industry. Local poultry producers enjoyed a short term

relief in the second quarter of 2010 when a ban on imports of all meats was imposed. The ban was lifted after three months (May to July) due to shortages of poultry products on the domestic market. A short term import ban on poultry and poultry products from South Africa was again imposed in April 2011 following an outbreak of Avian influenza in ostriches in the Western Cape province of South Africa.

Local poultry producers are lobbying for protection of the local industry through controlled importation of quality products, imposition of tariffs on imports, permission to import GM corn for use in stock feed production and tighter border controls to avoid smuggling of sub-standard imports of chicken.

According to the Zimbabwe Poultry Association, the high local cost structure is uncompetitive compared to imports. Imported chicken meat costs less (average US\$2.80/kg) than local chicken meat (average US\$3.50/kg), due to different costs of production. High domestic production costs are attributed to the use of more expensive GM-free corn (that attracts a premium of up to US\$100/MT corn) in feed rations as per government policy, whereas the industry's competitors in other countries use GM corn in poultry feed rations. The annual estimated requirement of soybean meal for the poultry sector is 35,000 MT.

The use of soybean meal in the pig sector is increasing following the re-building of pig herds after the massive stock reduction of 2008 necessitated by the severe feed shortage. Annual soybean meal consumption by the pig sector is estimated at 15,000MT.

Annual soybean meal requirements for the dairy sector are estimated at 6,000MT per annum, bringing the estimate of the total soybean meal annual requirement for the livestock sector in Zimbabwe to 56,000MT.

Cottonseed meal is a major protein ingredient in the manufacture of stock feeds for beef and dairy cattle. It contains about 42 percent protein. However, in the ten year period from 2000 to present, the dairy sector has declined steeply from a dairy herd estimated at 192,000 in 2000 to about 22,000 in 2010. The dairy industry, being highly capital intensive, has been severely affected by the land reform program where some dairy farms were acquired for re-distribution often to small scale farmers with inadequate capital resources to sustain dairy production and maintenance of the dairy herd. Lack of security of tenure on farms has discouraged investment and negatively affected the industry. In the year 2000, a total of 314 dairy farmers produced 168 million liters of milk and this dropped down to 40 million liters from 250 dairy farmers. This is against national demand estimated at 96 million liters and an installed capacity of 350 million liters. The commercial beef herd that also consumes cottonseed meal is estimated at 200,000. Domestic demand for cottonseed meal has declined and is estimated now at about 20,000MT annually.

Demand for soybean meal is expected to firm in 2012 marketing year due to the expansion of the poultry and pig sectors, while cottonseed meal demand is forecast to increase following government and private sector initiatives to improve dairy production.

Trade

Due to the decline in the dairy and beef industries, domestic consumption of cottonseed meal is low. The surplus cottonseed meal in 2011/12 MY estimated at 46,000MT, will be exported mainly to South

Africa.

While domestic soybean meal production falls short of requirements, Government policy requiring GM free imports of soybean meal limits imports. Domestic soybean meal production is estimated at 45,000MT out of the estimated requirement of about 56,000MT and the country will have to import the shortfall in order to sustain growth in the poultry and pig sectors.

Meal, Soybean Zimbabwe	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	40	45	34	56	34	65
Extr. Rate, 999.9999	1	1	1	1	1	1
Beginning Stocks	0	0	0	0	0	0
Production	32	36	27	45	27	52
MY Imports	0	14	0	11	0	13
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	32	50	27	56	27	65
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	32	50	27	56	27	65
Total Dom. Cons.	32	50	27	56	27	65
Ending Stocks	0	0	0	0	0	0
Total Distribution	32	50	27	56	27	65
1000 MT, PERCENT						

Meal, Cottonseed Zimbabwe	2009/2010	2010/2011	2011/2012
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	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	165	144	166	150	193	185
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	72	63	72	66	85	81
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	72	63	72	66	85	81
MY Exports	38	43	38	46	35	56
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	34	20	34	20	50	25
Total Dom. Cons.	34	20	34	20	50	25
Ending Stocks	0	0	0	0	0	0
Total Distribution	72	63	72	66	85	81
1000 MT, PERCENT						

OILS

Production

A total of 206,000MT cottonseed and soybean are available for crushing from which an estimated 36,000MT of oil will be produced in 2011/12 MY. Crushing yields used are 18 percent oil for soybeans and 17 percent oil for cottonseed. Only 40 percent of the country's oilseed crushing capacity of 500,000MT will be utilized. Four major oil crushing companies have a total of five oil crushing plants in the country, three in Harare and two in Bulawayo. Low domestic production of oilseeds in the 2010/11 MY and 2011/12 MY led to the temporary closure of the two Bulawayo crushing plants. There is no commercial crushing of peanuts for oil.

In order to stimulate local oilseed production and increase industry capacity utilization, the government reinstated a 15 percent duty on imported cooking oil on 1 August 2011. This move is expected to strengthen the value chain from the farmer to industry through contract farming, improved manufacturing capacity utilization, and stimulation of the local stock feed industry. The government suspended duties on basic commodities including cooking oil in 2009 to address shortages resulting from depressed output and to stabilize prices following a decade of economic decline in the country.

Consumption

Zimbabwe's oil consumption is estimated at about 100,000MT per annum. Oil consumption is mostly in the form of blended vegetable oils with a high proportion of imports from South Africa being sunflower oil.

Trade

Since 2009, cooking oil imports increased significantly after the government introduced a duty-free import policy to ease food shortages. Zimbabwe is now dependant on cooking oil imports and approximately 75 percent of cooking oil sold in local retail shops is imported from South Africa. Despite the re-introduction of duty, cooking oil imports from South Africa are expected to remain in the Zimbabwean market until 2012 marketing year when improved domestic oilseed production is expected to displace imports.

Table 4 Cooking oil imports to Zimbabwe between May 2010 and April 2011

Import destination	Import quantity (MT)
South Africa	59,374
Botswana	148
United Kingdom	19
Total	59,541

Source: Zimstats – Ministry of Finance

Oil, Soybean Zimbabwe	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	40	45	34	56	34	65
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	1	1	1	0	2	0
Production	8	8	6	10	6	12
MY Imports	15	7	20	7	20	6
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	24	16	27	17	28	18
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	23	16	25	17	26	18
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	23	16	25	17	26	18
Ending Stocks	1	0	2	0	2	0
Total Distribution	24	16	27	17	28	18

1000 MT, PERCENT

Oil, Cottonseed Zimbabwe	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	165	144	166	150	193	185
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	25	24	26	26	30	31
MY Imports	1	2	1	1	1	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	26	26	27	27	31	31
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	26	26	27	27	31	31
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	26	26	27	27	31	31
Ending Stocks	0	0	0	0	0	0
Total Distribution	26	26	27	27	31	31

1000 MT, PERCENT